

The [American Rescue Plan \(ARP\) Act](#) (Public Law 117-2) included \$39 billion in new child care funding, including \$24 billion for child care stabilization grants to providers and \$15 billion in supplemental Child Care and Development Fund (CCDF) Discretionary Funds. On May 10, 2021, the Office of Child Care (OCC) issued guidance ([CCDF-ACF-IM-2021-02](#)) for states, territories, and tribes on requirements and recommendations for the child care stabilization funding included in section 2202 of the ARP Act. On June 10, 2021, OCC issued guidance ([CCDF-ACF-IM-2021-03](#)) for states, territories, and tribes on requirements and recommendations for the supplemental CCDF Discretionary Funds included in section 2201 of the ARP Act. Below are frequently asked questions (FAQs) and responses related to child care funding in the ARP Act. OCC will release additional FAQs and resources throughout the grant periods. All FAQs and resources will be posted at <https://www.acf.hhs.gov/occ/training-technical-assistance/office-child-care-covid-19-resources>.

ARP Stabilization Grants: Lead Agency Spending

Q: Are lead agencies required to submit plans to OCC about how they plan to spend their [ARP Act stabilization funds](#) and [ARP Act supplemental discretionary funds](#)?

A: Lead agencies are not required to submit a new separate report to OCC that details how they plan to spend their ARP Act stabilization funds. OCC will collect information about use of stabilization funds through the CCDF Plans.

State and territory lead agencies provided information on their implementation of stabilization grant funding plans in their [FY 2022-2024 Child Care and Development Fund \(CCDF\) Plan](#), Q 4.1.8e due July 1, 2021. Lead agencies were instructed to include a description of their stabilization grant implementation, including the link to the subgrant application on their website, how grants are awarded, any strategies used to target providers in low-income communities, how funds have been used by providers, and any impacts or results on providers (e.g., increased number of licensed child care programs open in underserved area) or child care staff (e.g., increased number of staff receiving higher wages) as a result of the stabilization grants. Tribes will submit Plan amendments to describe their child care stabilization grant activities in 3.1.2j(3) Other Quality Activities of their [FY 2020-2022 CCDF Plan](#). This only applies to Tribal CCDF Plans and not to tribes with approved Public Law 102-477 Plans.

Because the [ARP Act Supplemental CCDF Discretionary](#) funds allocated at section 2201 can be used for the same purposes as regular CCDF funds, states and territories making major policy or programmatic changes effective before October 1, 2021, were instructed to submit amendments to their current [FY 2019-2021 CCDF Plans](#). States and territories were instructed to include these policies in the [FY 2022-2024 CCDF Plans](#) due on July 1, 2021. Tribal lead agencies must submit amendments to their current [FY 2020-2022 CCDF Plan](#) [within 60 days of the effective date of implementation](#). This only applies to Tribal CCDF Plans and not to tribes with approved Public Law 102-477 Plans.

Q: Are lead agencies required to spend down previous supplemental relief funding (i.e., the [Coronavirus Aid, Relief, and Economic Security Act \(CARES\) Act](#) and the [Coronavirus Response and Relief Supplemental Appropriations \(CRRSA\) Act](#)) before spending the [ARP Act stabilization funds](#)?

A: No, lead agencies are not required to spend down previous supplemental relief funding before spending the ARP Act stabilization funds. While lead agencies should be aware of obligation and liquidation

American Rescue Plan (ARP) Act Child Care Stabilization Funds

Frequently Asked Questions (FAQs)

Prepared by the Office of Child Care

requirements for the other COVID-19 related funding (i.e., under the CARES Act and CRRSA Act), lead agencies are strongly encouraged to obligate their ARP Act stabilization grant funds quickly to ensure they reach providers in need and protect the existing child care market. OCC also recommends that lead agencies be aware of allowable uses of funds and funding requirements with the multiple COVID-19 supplemental funds. Lead agencies may also consider how they can pair more flexible funding provided by the CARES Act and CRRSA Act with the more prescriptive ARP Act stabilization funds. Lead agencies should contact their OCC Regional Offices for support and technical assistance related to spending the various funding streams so they can reach child care providers and families quickly.

Q: Can a lead agency use stabilization funds to incentivize license-exempt, non-CCDF-eligible providers to become CCDF-eligible and therefore eligible to receive an [ARP Act stabilization subgrant](#)?

A: Stabilization subgrant funds cannot be used to incentivize license-exempt, non-CCDF-eligible providers to become CCDF-eligible and therefore eligible to receive a subgrant. However, lead agencies may use part of their set-aside for administration, supply building, and technical assistance to help license-exempt, non-CCDF-eligible providers become CCDF-eligible so they can be eligible to apply for ARP Act stabilization subgrants. Lead agencies may also use other COVID relief funds ([CARES Act](#), [CRRSA Act](#), and [ARP Act supplemental](#)) and regular CCDF funds to also help providers become CCDF-eligible.

Q: Some CCDF lead agencies planned to use their regular CCDF, [CARES](#), or [CRRSA](#) funds for stabilization grant programs. Since these funding streams are more flexible, can CCDF lead agencies reprogram these funds for other allowable activities and fund their stabilization grants with the [ARP Act stabilization funding](#)?

A: Yes, CCDF lead agencies may reprogram regular CCDF, CARES, or CRRSA funds until the obligation deadlines, which is September 30, 2022, for CARES and CRRSA. Obligation and liquidation information for regular CCDF funds is described in the instructions to the [ACF-696](#) and [ACF-696T](#) CCDF expenditure reports. Reprogramming funds for other allowable activities does not constitute a cut in funding for child care for eligible individuals and is not considered supplantation.

Q: Can [ARP Act stabilization funds](#) be used to fund direct child care services, such as covering the price of a child care slot?

A: No, lead agencies cannot use ARP Act stabilization funds for direct child care services. This prohibition applies to both the set-aside and the subgrant funds. These funds are designed to support the child care market as a whole by covering business related expenses. Lead agencies may use their stabilization fund set-asides to carry out activities to increase the supply of child care, especially for historically underserved populations. While these funds may not be used for direct services, they can be used to cover some of the costs associated with providing and expanding direct services, such as start-up grants and administrative costs associated with using grants or contracts for direct services. Lead agencies may use regular CCDF, [CARES](#), [CRRSA](#), and [ARP Act Supplemental CCDF Discretionary](#) funds for direct child care services.

Q: Can [ARP Act child care stabilization funds](#) be used to provide home visiting services?

A: With limited exceptions, the funding of home visiting programs is not an allowable use of the ARP Child Care Stabilization Funds. The ARP Act child care stabilization funds are specifically designed to promote the stability of the child care sector. Home visiting programs typically provide services to parents and families to ensure that they have the necessary resources and skills to raise and care for their own children. In contrast,

the child care sector provides non-parental care and early education for children. States and territories must use at least 90 percent of their ARP Act stabilization allocations for subgrants to qualified child care providers, and tribes must use at least 80 percent of their allocations for subgrants. The remaining funds may be used for administering the subgrants, providing technical assistance and support for applying for and accessing these subgrants, publicizing the availability of these subgrants, carrying out activities to increase the supply of child care, and providing technical assistance to help child care providers meet certain policies. With limited exceptions, home visiting does not fall within any of these allowable uses.

The limited exceptions where it might be appropriate to use ARP Act stabilization funds for home visiting include instances where there is a direct connection to non-parental child care—for example, providing stabilization grants to child care providers who deliver home visiting as an integral component of their child care program for children enrolled in the child care program, or using the set-aside to support home visiting services that provide resources and support specifically for family child care providers, or if the purpose of the home visiting is to provide mental health services for children in child care. The use of home visiting services to refer/connect children to early care and education services is not by itself a sufficient connection to non-parental child care services to justify the use of ARP Act stabilization funds (or other CCDF funds) for home visiting services.

ARP Stabilization Grants: Fiscal Policy

Q: The [ARP Act](#) uses the term "subgrants" when describing the stabilization funds awarded to qualified child care providers. Are lead agencies required to use their agencies' official subgrant process?

A: No. Lead agencies may determine the process they use to award the subgrants and are not required to use their agencies' official subgrant process.

Q: Are Data Universal Numbering System (DUNS) numbers or Unique Entity Identifiers (UEIs) a requirement for the subgrants?

A: No, child care providers receiving subgrants are not required to have or provide a DUNS number or UEI.

The Office of Child Care (OCC) notes that in cases where the stabilization subgrants are being awarded to qualified child care providers through intermediaries, those intermediaries are sub-recipients administering a subaward, and, as such, would be subject to rules that apply to sub-recipients, including those related to obtaining a DUNS number or UEI. ([45 CFR 75.2](#))

Q: Are child care stabilization subgrants considered "payments made to beneficiaries of a federal program," as described in [45 CFR 75.2](#), similar to direct child care subsidies paid under the voucher program? Or are these considered "sub-recipients"?

A: Child care stabilization subgrants included in the [ARP Act](#) are benefits to a child care provider and are considered payments made to beneficiaries of a federal program, which is the same as with child care subsidies paid under the voucher program. Providers receiving stabilization subgrants are not categorized as "sub-recipients" as defined at 45 CFR 75.2.

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subaward, and, as such, would be subject to rules that apply to sub-recipients, including those related to obtaining a DUNS number or UEI. ([45 CFR 75.2](#))

ARP Stabilization Grants: Set-aside

Q: Can lead agencies use [ARP Act stabilization funds](#) to hire staff to administer the stabilization funds, including term-limited staff?

A: Yes, lead agencies can use funding from the administrative, supply-building, and technical assistance set-aside of up to 10 percent for states and territories and 20 percent for tribes to cover personnel costs associated with administering the stabilization funds, including term-limited staff. OCC strongly encourages lead agencies to use a portion of their set-aside to cover the cost of staffing necessary to administer and process the subgrants in a timely, transparent, and effective manner. These funds represent an unprecedented opportunity that will be difficult to realize without adequate staffing.

ARP Stabilization Grants: Eligible Providers

Q: Does the lead agency have any discretion in deciding which provider types will be recipients of [ARP Act stabilization subgrants](#)?

A: Yes, lead agencies may determine which provider types to include in their stabilization subgrant programs, as long as those providers are eligible and qualified as defined in the [Act](#). Lead agencies are encouraged to include center-based and family child care programs, as well as programs that serve school-age children.

Q: Are school-age programs that are not open during the summer due to scheduled closure (and not because of COVID-19) eligible for subgrants?

A: In order to be a qualified child care provider and eligible to receive a subgrant, a child care provider must either be open to provide child care services or temporarily closed due to public health, financial hardship, or other reasons relating to the COVID-19 public health emergency at the time of application. As this requirement applies to the date of application, a school-age program that is closed during the summer would be eligible for a subgrant if the program applied for the subgrant when it opened again to provide child care services, such as in the fall when school reopens. If the program is closed due to schedule during the summer, it would not be eligible to apply for a subgrant during that time.

Q: What are requirements around including Head Start programs in the group of eligible providers for [ARP Act stabilization subgrants](#)?

A: Depending on a lead agency's licensing and health and safety rules, Head Start and Early Head Start programs may meet the criteria to be considered eligible for ARP Act stabilization subgrants. For example, a Head Start program licensed by the state as of March 11, 2021, would meet the definition of eligible provider at [section 2202\(a\)\(2\)\(B\)](#). However, because other ARP funding explicitly for Head Start programs is available and Head Start programs have continued to receive federal grants during the pandemic, lead agencies should only include Head Start and Early Head Start programs in the stabilization subgrants under limited circumstances. This may include programs that braid or layer CCDF and other child care funds with Head Start or the Head Start program is the only available early care and education program in a community. In cases where a lead agency includes Head Start programs in their ARP Act stabilization subgrants, lead agencies should ensure that CCDF funds do not duplicate Head Start funds and prioritize child care programs

that are in need of financial relief and have received comparatively fewer resources during the COVID-19 public health emergency.

Q: Would a child care provider that is temporarily closed due to a lack of qualified staff or demand because businesses have not fully reopened and children are still in virtual school be considered a qualified provider?

A: In order to be a qualified child care provider and eligible to receive a subgrant, a child care provider must either be open to provide child care services or temporarily closed due to public health, financial hardship, or other reasons relating to the COVID-19 public health emergency at the time of application. The terms included in the Act are broad, and lead agencies have the flexibility to define them. Therefore, a lead agency could define a lack of qualified staff or demand as an accepted reason related to the COVID-19 public health emergency for why a child care provider may be temporarily closed.

Q: Are child care providers that are regulated under state and local health and safety standards, but do not meet CCDF requirements at the time of application, eligible for [ARP Act stabilization subgrants](#)?

A: A child care provider that was licensed, regulated, or registered and met state and local health and safety standards as of March 11, 2021, (i.e., [ARP Act](#) date of enactment) but does not meet CCDF requirements may be considered eligible for an ARP Act stabilization subgrant. CCDF requirements include completion of CCDF health and safety training requirements, completion of comprehensive background checks, and other lead agency-specific requirements, such as participating in a quality rating and improvement system. A provider does not have to be serving a child eligible for CCDF in order to be considered as meeting CCDF requirements. However, a child care provider that was not licensed, regulated, or registered and met state and local health and safety standards as of March 11, 2021, must meet CCDF requirements at the time of application in order to be eligible for a child care stabilization subgrant. Lead agencies may define what it means to be regulated or registered in the state, territory, or tribe.

Q: If a provider has a license but had their Provider Services Agreement for subsidy revoked due to fraud or misappropriation, or is under investigation for either, do they qualify for funding?

A: Lead agencies should not provide subgrants to providers with a history of fraud or misappropriation. Lead agencies have the discretion to decide which child care providers are included in their [ARP Act stabilization subgrant](#) programs. Therefore, lead agencies are strongly encouraged to use that discretion to disqualify child care providers who have had their license or ability to participate in the subsidy program revoked or who are under investigation.

Q: Is a child care program that permanently closed after March 11, 2021 eligible for an [ARP Act stabilization subgrant](#)?

A: No, a program that permanently closed after March 11, 2021, is not eligible to receive an ARP Act stabilization subgrant. In order to be eligible for an ARP Act stabilization subgrant, a child care provider must be open to provide child care services or temporarily closed due to public health, financial hardship, or other reasons relating to the COVID-19 public health emergency on the date of application.

ARP Stabilization Grants: Applications

Q: If a provider is meeting all applicable standards at the time of application but is determined to no longer be meeting these standards (for example a significant licensing violation that jeopardizes child

safety) prior to the funds being awarded, do lead agencies have the flexibility to reverse an application decision prior to the award of funds?

A: Lead agencies may reverse an application approval prior to the award of funds if something changes between the approval and award, including, but not limited to, a licensing violation or revocation, fraud, or permanent closure of a provider. Lead agencies should notify a provider as soon as the decision to reverse the application is made and provide information on why it was reversed and an opportunity to appeal the decision.

Q: If a child care provider is temporarily closed due to COVID-19 at the time of subgrant application, is there a timeframe for when the provider must reopen to qualify for a stabilization subgrant? Can the lead agency require a provider to reopen within a certain period of time?

A: OCC is not imposing a specific timeframe for when a temporarily closed provider due to COVID-19 at the time of application must reopen. Rather, lead agencies have the discretion of placing reasonable conditions or timelines with regard to reopening on child care providers who receive a subgrant. (See [section 2202\(d\)\(B\)\(i\) and \(ii\) of the ARP Act](#).)

Q: Are lead agencies required to post [ARP Act stabilization subgrant](#) applications online even if they are sending a prepopulated application to eligible providers?

A: Yes, the ARP Act requires lead agencies to “make available on the lead agency’s website an application for qualified child care providers” ([section 2202\(d\)\(2\)\(D\)\(i\)](#)). Lead agencies that choose to send applications directly to qualified providers or have providers access the applications through a private web portal still must post a copy of the application on their public website. This could include posting a PDF copy or screenshots of the applications. When posting information, OCC recommends including details on how interested child care providers can contact the lead agency for more information on accessing and submitting an application.

Q: Do [ARP Act stabilization subgrant](#) applications have to include the certifications?

A: Yes, the ARP Act requires the lead agency to “make available on the lead agency’s website an application for qualified providers that includes certifications” the child provider, for the duration of the subgrant, will implement certain health and safety requirements and guidance, pay full compensation to staff, and, to the extent possible, provide relief from copayments and tuition for families in their care ([section 2202\(d\)\(2\)\(D\)\(i\)](#)). Therefore, the applications must include a way for child care providers to certify they will meet these requirements. The subgrant applications may include check boxes for providers to select, and the lead agency may treat submission of the application as the certification. Lead agencies do not have to require additional information at the time of the application as part of the certification process.

ARP Stabilization Grants: Certifications

Q: What is the time period during which a child care provider must meet the three certifications required in the [ARP Act stabilization subgrant](#) applications?

A: Qualified child care providers must certify that they will meet the three certifications for the duration of their ARP Act stabilization subgrant.

Q: If child care providers must certify they will continue to pay at least full compensation and benefits throughout the life of the [ARP Act stabilization subgrant](#), does that mean they have to use subgrant funds to cover staff wages?

A: No, provided that child care providers are able to meet the certification by using funds from other sources, they are not required to use ARP Act stabilization subgrant funds for personnel costs, including staff wages and benefits. Providers are allowed to use the subgrant funds to continue to pay full compensation and benefits in order to meet the certification requirements. Lead agencies are strongly encouraged to make subgrants available to address personnel costs, but personnel costs are just one of the allowable uses of the subgrant funds, and, depending on the stabilization subgrant program in their state, territory, or tribe, child care providers have discretion in deciding how they use the funds.

Q: Can child care providers receiving an [ARP Act stabilization subgrant](#) terminate an employee for cause during the life of the subgrant?

A: As part of their ARP Act stabilization subgrant application, child care providers must certify they will pay at least the same amount in weekly wages and maintain the same benefits for each employee throughout the duration of the subgrant. Child care providers also may not involuntarily furlough employees employed on the date of submission of the application. The ARP Act does not address if a child care provider can terminate an employee for cause during this period. Therefore, providers participating in their ARP Act stabilization subgrant programs may terminate an employee for cause during the subgrant period.

ARP Stabilization Grants: Intermediaries

Q: Are intermediaries subject to the same obligation and liquidation periods for the [ARP Act stabilization funds](#)? Does it matter if they are administering the subgrants versus one of the administrative activities?

A: Intermediaries are subject to the same obligation and liquidation period for ARP Act stabilization funds regardless of whether those funds are for administering the subgrants or one of the administrative, supply building, or technical assistance activities. Lead agency agreements with intermediaries must meet CCDF requirements at [45 CFR 98.11](#) and are subject to the same obligation and liquidation periods for the stabilization funds. Any expenses incurred by the intermediaries that are not part of the subgrants will count against the administrative set-aside of either 10 percent for states and territories, or 20 percent for tribal lead agencies, and are subject to the same obligation and liquidation deadlines. Agreements with intermediaries should include a requirement for intermediaries to collect and report data to lead agencies on a regular basis, as lead agencies will be expected to report on this information.

Q: What role can intermediaries play with the [ARP Act stabilization subgrants](#)?

A: Lead agencies may choose to contract with intermediaries, such as counties, child care resource and referral agencies, and staffed family child care networks, to manage the administration of the ARP Act stabilization subgrants. This work may include, but is not limited to, designing and reviewing subgrant applications, providing support in estimating current operating expenses, distributing subgrant funds, and monitoring the use of subgrant funds. Agreements with intermediaries to administer the subgrants must meet CCDF requirements at [45 CFR 98.11](#), including that lead agencies retain overall responsibility for the administration of the program and administrative and implementation responsibilities undertaken by the intermediary must be governed by written agreements. Further, expenses incurred by the intermediaries that

are not part of the subgrant (i.e., passed through to an eligible child care provider) will count against the set-aside of either up to 10 percent for states and territories or up to 20 percent for tribal lead agencies. Agreements with intermediaries should include requirements for intermediaries to collect and report data to lead agencies on a regular basis, as lead agencies will be expected to report on this information to OCC.

ARP Stabilization Grants: Taxes

Q: Are child care stabilization subgrants provided under the ARP Act taxable?

A: [The ARP Act](#) does not exempt the ARP child care stabilization subgrant funding from taxation. Therefore, this funding is subject to the same tax rules as regular CCDF funding. State tax rules apply. Regarding federal tax rules, please contact the Internal Revenue Service for guidance. In some cases, funds used to cover operating expenses may be exempt from taxation.

ARP Stabilization Grants: Subgrant Amounts and Operating Expenses

Q: Do child care providers applying for [ARP Act stabilization subgrants](#) have to submit specific documentation to confirm their current operating expenses?

A: Lead agencies have the flexibility to determine the documentation a child care provider must submit to confirm their current operating expenses and are encouraged to accept a variety of types of documentation and limit burden on applicants.

If a lead agency chooses to provide stabilization subgrants to child care providers that are not licensed, regulated, or registered and have not previously received child care subsidies but are otherwise eligible to receive CCDF, for example relative providers, lead agencies are encouraged to collect additional details and documentation of operating expenses.

Q: As part of the process for determining [ARP Act stabilization subgrant](#) award amounts, can lead agencies use the size of a child care program to estimate current operating expenses?

A: Yes. Lead agencies have wide discretion in how subgrant amounts are formulated, including how current operating expenses are calculated. Therefore, the lead agency may use the size of the child care program as part of their formula for estimating current operating expenses. When considering the size of a child care program, lead agencies should use enrollment and/or licensed capacity rather than attendance. As a reminder, child care providers must confirm the data used and the estimated current operating costs as part of their applications.

Q: Should a child care provider's current operating expenses be calculated after deducting income, including child care subsidy payments?

A: No, lead agencies should not calculate current operating expenses after deducting income, including child care subsidy payments. Even before the public health emergency, child care provider income was unstable and insufficient to cover the costs of providing high-quality care, and the COVID-19 public health emergency has exacerbated this instability. Deducting income before calculating a provider's current operating expense as part of determining a subgrant award amount undermines the purpose of the [ARP Act stabilization subgrants](#).

Q: Is there a limit on the dollar amount of an [ARP Act stabilization subgrant](#)?

A: No, there is not a federal limit on the dollar amount of an ARP Act stabilization subgrant. There is also not a federal limit on the total dollar amount of stabilization subgrants that a qualified provider can receive. Subgrant amounts must be based on a child care provider's stated current operating expenses, including costs associated with providing or preparing to provide child care services during the pandemic, and, to the extent practicable, cover sufficient expenses to ensure continuous operations for the intended period of the subgrant. Subgrant amounts should reflect the significant resources included in the [ARP Act](#) and be substantial enough to stabilize struggling child care providers.

Q: Can a lead agency incentivize or provide a separate category of funding to programs that agree to address priorities areas such as staff incentives/bonuses, serving children in CCDF, paying for child care costs for child care staff employees at no cost for children or their own staff or others in field? For example, the provider's base subgrant amount covers 50 percent of current operating expenses. If a provider agrees to increase staff pay for the duration of the subgrant, the provider would receive an additional 5 percent of their operating budget.

A: Yes, lead agencies may incentivize subgrant recipients to implement certain policies, such as higher pay for staff. As a reminder, child care providers must certify that they will pay at least the same wages and benefits to staff for the duration of the subgrant. Therefore, while providers may choose to increase pay or offer bonuses for their staff in order to take advantage of these incentives, the provider may not opt-out of continuing to pay their staff at least the same wages.

ARP Stabilization Grants: Provider Use of Funds

Q: Can [ARP Act stabilization subgrant](#) funds be used to assist in the purchase of a child care program?

A: No, ARP Act stabilization subgrants cannot be used to assist in the purchase of a child care program. [The ARP Act](#) at section 2202(e)(1) specifies that subgrant funds can only be used for the following operating expenses:

- Personnel costs, including payroll and salaries or similar compensation for an employee (including any sole proprietor or independent contractor), employee benefits, premium pay, or costs for employee recruitment and retention.
- Rent (including rent under a lease agreement) or payment on any mortgage obligation, utilities, facility maintenance or improvements, or insurance.
- Personal protective equipment, cleaning and sanitization supplies and services, or training and professional development related to health and safety practices.
- Purchases of or updates to equipment and supplies to respond to the COVID-19 public health emergency.
- Goods and services necessary to maintain or resume child care services.
- Mental health supports for children and employees.

Q: Can [ARP Act stabilization subgrants](#) be used to help a new child care provider open or a permanently closed child care provider reopen?

A: No, ARP Act stabilization subgrants cannot be used to help a new child care provider open or a permanently closed child care provider reopen. These subgrants are designed to stabilize existing child care businesses, not fund the start-up or reopening of a provider not open for business. In order to qualify for a child care stabilization subgrant, a child care provider must be open to provide child care services or

temporarily closed due to public health, financial hardship, or other reasons relating to the COVID-19 public health emergency. Lead agencies may use part of their set-aside and other COVID-19 funds (i.e., [CARES](#), [CRRSA](#), and [ARP Act supplemental funds](#)) to help providers open or reopen. (See [section 2202\(d\)\(B\)\(i\) and \(ii\) of the ARP Act](#).)

ARP Stabilization Grants: Copays

Q: Are child care providers required to provide relief from copayments and tuition for families in their care while they are receiving an [ARP Act stabilization subgrant](#)?

A: OCC encourages child care providers to provide relief from tuition and copayments, if financially possible, especially for low-income families. However, child care providers are not required to provide relief from copayments and tuition for families in their care during the ARP Act stabilization subgrant period. The [ARP Act](#) requires providers to certify that they “will provide relief from copayments and tuition payments for the families enrolled in the provider’s program, *to the extent possible*, and prioritize such relief for families struggling to make either type of payment” (emphasis added). If a provider is in the financial position to provide relief from copayments and tuition for families, they should provide that relief and prioritize the relief for families with incomes below 85 percent of state median income. Lead agencies are encouraged to use [ARP Act supplemental funds](#), as well as [CRRSA](#) and [CARES Act](#) funds, to provide relief from copayments for CCDF-eligible families and cover the portion of the child care cost ordinarily covered by copays. As a reminder, CRRSA Act funds may be used to waive copays for all eligible families without a CCDF waiver.

Supplemental Funds: Use of Funds

Q: The [CARES Act](#), [CRRSA Act](#), and [ARP Act](#) exempt families of essential workers from the income eligibility requirements in order to receive these funds for child care assistance. Are families of essential workers still subject to the eligibility restriction of family assets that exceed \$1 million?

A: Yes, essential workers are subject to the eligibility requirement that family assets do not exceed \$1 million. The eligibility requirements defined at [section 98.20\(a\)](#) of the CCDF regulations have separate financial eligibility requirements – one for income and one for assets. Income is a wholly different financial test from the assets test – one could have very little income, but significant assets, and vice versa. The CARES Act, the CRRSA Act, and section 2201 of the ARP Act allowed the supplemental funds to provide child care assistance to families of essential workers “without regard to the income eligibility requirements,” but made no mention of the asset test. Lead agencies that want to exempt essential workers from the family asset test must request and have an approved waiver from ACF. Per CCDF regulations, assets can be self-certified by a member of the household.

Supplemental Funds: Vaccination

Q: Can [CARES Act](#), [CRRSA Act](#), and [ARP Act Supplemental Discretionary](#) funds be used to provide incentives for providers to be vaccinated?

A: Incentives for providers may be considered an allowable expenditure in the CCDF program if the incentives are used as part of quality improvement or other activity that meets the purposes and goals of CCDF. For example, providing gift cards to child care providers may be allowable if the cards relate to an integral part of the child care program. As the incentives in question would be to promote vaccination among child care providers and support health and safety in child care programs, this would be an allowable use of CCDF

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quality funds. This applies to regular CCDF, CARES, CRRSA, and the ARP Act supplemental discretionary funds. OCC notes that incentives that are not connected to child care program's activities are not an allowable CCDF expenditure.

In addition, CCDF regulations provide that "Lead Agencies shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds" [\[45 CFR § 98.67\(a\)\]](#). Thus, lead agencies should check their own laws and procedures to ensure that using funds for incentives is acceptable practice. OCC suggests the lead agency document the use of funds, including a written demonstration that the use of funds for incentives is directly connected to a CCDF authorized activity, and that the costs are reasonable and "ordinary and necessary" to accomplish CCDF objectives.



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